

Message Text

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ACTION EA-12

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TO SECSTATE WASHDC PRIORITY 4639

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E.O. 11652: NA

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SUBJECT: SECOND AMENDMENT TO PL 480 TITLE I MAY 17, 1977 AGREEMENT

REF: (A) JAKARTA 14482 (B) STATE 253995

1. GENERAL ARIFIN, HEAD OF BULOG, CALLED AG ATTACHE TO HIS OFFICE ON OCTOBER 26 TO ASK IF THERE WAS ANY POSSIBILITY USDA COULD ARRANGE FOR DIVERSION OF ANY PL 480 CARGO OR CARGOES ENROUTE TO OTHER ASIAN DESTINATIONS TO INDONESIA TO ENSURE EARLY ARRIVAL. REPAYMENT WOULD BE MADE FROM RICE PROCURED UNDER SECOND AMENDMENT TO TILE I PL 480 PROGRAM APPROVED BY ISC. ARIFIN HAS CALBE FROM CONTINENTAL GRAIN SUGGESTING BANGLADESH BE APPROACHED RE THE 45,000 TON CARGO THAT IS BEING LOADED ON SHIP CAUSEWAY IN STOCKTON, CALIFORNIA WHICH IS SUPPOSED TO COMPLETE LOADING BY NOVEMBER 15, JOE HARARI OF AMERICAN SALES WAS PRESENT AND HE EXPLAINED THE LEGAL TIE UP OF THE CAUSEWAY OVER FAILURE OF INDIAN OWNERS TO PAY STEVEDORES. HARARI ALSO RAISED A QUESTION ABOUT THE DRAFT OF THE CUASEWAY WHICH HE SAYS IS A 60,00 TON SHIP THAT WILL PROBABLY DRAW 34 TO 36 FEET WITH 45,000 TONS ON BOARD, PROBABLY TOO MUCH FOR TANJUNG PRIOK TO HANDLE UNLESS 10,000 TONS OR SO OFFLOADED IN SOME OTHER PORT THAT COULD HANDLE THIS SHIP.

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PLEASE ADVISE ASAP IF ANY POSSIBILITY OF DIVERSION OF CAUSEWAY IF LEGAL TANGLE CAN BE RESOLVED PROMPTLY OR ANY OTHER PL 480 CARGO OF DIVERSION RICE.

2. GENERAL ARIFIN TELEPHONE LATER TO SAY BULOG HAS RESTUDIED VPQQY SITUATION AD THAT THEY WOULD HAVE QUOTE A DISASTER ON THEIR HANDS END QUOTE IN WEST JAVA AND MEDAN IF HE

CANNOT OBTAIN ARRIVALS OF 40 TO 50,000 TONS BY THE END OF NOVEMBER. HE SAID IF IT CAN BE ARRANGED THEY WOULD ACCEPT THE CAUSEWAY CARGO. HE SAID BULOG STOCKS IN MEDAN WOULD BE DOWN TO 15,000 TONS BY END OF NOVEMBER ONLY 15 DAYS SUPPLY (NO RICE CAN BE PROCURED LOCALLY IN MEDAN AREA) AND STOCKS WOULD ALSO BE DEFICIENT TO MEET WEST JAVA NEEDS. HE ASKED ALSO TO BE ADVISED SOONEST OF SPEED OF THE CAUSEWAY AND WHEN IT MIGHT ARRIVE JAKARTA. ARIFIN SAID HE WOULD TALK TO AMBASSADOR OF BANGLADESH TONIGHT CONCERNING DIVERSION OF THE CAUSEWAY. HARARI SAID BANGLADESH SHOULD COOPERATE AS GOI HAD AGREED TO DIVERT 13,500 TONS OF CHINESE RICE TO BANGLADESH IN 1974 WHEN THERE WAS A FOOD CRISIS IN THAT COUNTRY.

3. ARIFIN NOW SAYS THEY BELIEVE 1977 RICE CROP NO MORE THAN 1976 CROP OF 15,845,000 TONS AND MAY BE ONLY 15,700,000 TONS. DR. LEON MEARS ALSO QUESTIONED AND WOULD NOT GIVE A FIRM ESTIMATE BUT DID SAY CROP MAY BE NO MORE THAN IN 1976. AG ATTACHE WILL MAKE FURTHER CHECKS BEFORE GIVING A FIRM ESTIMATE. DR. SUHARTO OF CENTRAL BUREAU OF STATISTICS IN MEETING WITH AG ATTACHE OCTOBER 25 THOUGHT 16 MILLION TONS FOR 1977 CROPS PROBABLY ABOUT RIGHT.

4. ARIFIN ALSO TELEPHONED SECOND TIME TO ASK IF UP TO 50,000 TONS OF BULGUR WHEAT COULD BE SUPPLIED UNDER SECOND AMENDMENT TO TITLE I PROGRAM. HE WOULD NOT WANT THIS TO BE AT EXPENSE OF REDUCING 300,000 TONS OF RICE WHICH HE SAYS IS STILL URGENTLY REQUIRED. HE SAID IF THIS CANNOT BE DONE TO LEAVE BULGUR AT 20,000 TONS AND LIMITED OFFICIAL USE

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GOI WOULD BE REQUESTING MORE BULGUR LATER. ARIFIN SAID THEY ARE USING BULGUR IN RELIEF OPERATIONS IN FOOD SHORTAGE AREAS BECAUSE CHEAPER TO DISTRIBUTE THAN RICE. BULOG HAS ALREADY SHIPPED OUT 22,000 TONS OF 40,000 TONS BULOG HAD IN STORAGE AT GO-DOWN IN TANJUNG PRIOK. PLEASE ADVISE WHAT WOULD BE MOST PROACTICAL REPLY TO THIS REQUEST OF GENERAL ARIFIN.

5. COMMENT: GENERAL ARIFIN AND SENIOR GOI OFFICIALS MAY BE OVER-REACTING TO EVOLVING SITUATION, IT IS CLEAR THEY ARE WORRIED BY WORSENING SITUATION OF WHICH THEY SHOULD HAVE BEEN AWARE EARLIER AND WHICH COULD HAVE SERIOUS POLITICAL, AS WELL AS ECONOMIC AND SOCIAL, RESULTS. WE THEREFORE RECOMMEND FAVORABLE CONSIDERATION BE GIVEN TO SHIP DIVERSION REQUEST. MEANWHILE, WE SHALL SUBMIT FURTHER DATA AND ANALYSIS OF PROBLEM SOONEST.
RIVES

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